

**Bonneville Power Administration
Regional Dialogue Technical Group
Summary of November 22, 2005 Meeting**

Ken Keating (BPA) began the discussion regarding conservation over the next twenty years and advocated an aggressive approach. Keating challenged attendees to step up to the important question of how much conservation BPA should be responsible for over the term of the new Regional Dialogue contracts. Keating said BPA intends to “do all cost-effective conservation in Tier 1 load post 2011.” How this is to be accomplished is the “balanced part of the concept,” he said, in reference to a proposed multiplicity of methods and approaches.

Steve Weiss (NW Energy Coalition) distributed a paper entitled, *Conservation Transfers*” in which he proposed that utilities pay to acquire conservation in others’ service territories in exchange for a temporary right to their headroom. At the end of the period, the headroom would revert back to the original utilities.

Scott Wilson (BPA) prepared and circulated a draft proposed resolution regarding general disincentives to conservation. The document entitled *Conservation Principle*, stated that “BPA intends to promote conservation” by means of High Water Marks, by virtue of their setting the bar for marginal cost resources. In setting the HWM, BPA intends for customers to be held harmless for BPA verified conservation achieved since 2002.” After discussing the resolution the team chose not to adopt it at that time.

Participants discussed the Nov. 29 Principals meeting and decided to postpone the meeting until Dec. 16 to allow the technical group more time to work on outstanding issues.

See below for the following handouts distributed at the meeting:

- Conservation Transfers
[Note: This handout was originally posted on BPA's web site as a Word document on November 22, 2005. It was later converted to PDF without any changes to the content of the document.]

- Conservation Principle
[Note: This handout was originally hand written during the meeting and typed without any changes to the content.]

Title of Document: **Conservation Transfers**
Author / Submitter (Organization): **Steve Weiss (NWECC)**
Date document created or revised: **November 21, 2005**
For meeting on (date): **November 22, 2005**

Conservation Transfers

NW Energy Coalition

For quite a few years it is quite possible that some utilities will be facing Tier 2, while others, especially slower-growing utilities or due to load loss, will still have a lot of headroom. This proposal allows a temporary transfer of headroom as an incentive and mechanism to cost-effective conservation investments.

We propose that a utility be allowed to pay to acquire conservation in another utility's territory in return for a temporary right (5-6 years) to that utility's headroom. Following that period, the headroom would revert to the utility for its own use.

Example

Utility A is facing Tier 2, but has done most of its own lowest cost conservation. Utility B is facing Tier 1, has headroom to spare, and has many low-cost conservation opportunities in its territory.

Utility A would pay to acquire 1 MW of conservation in B's territory. In return it get to use 1 MW of B's unused headroom for a period of time, perhaps 6 years; long enough to payback the conservation investment.

At the end of the 6-year period, the 1 MW of headroom would revert back to utility B.

Title of Document: **Conservation Principles**

Author / Submitter (Organization): Scott Wilson (BPA)

Date document created or revised: **November 22, 2005**

For meeting on (date): **November 22, 2005**

Conservation Principles

BPA intends to promote conservation achievement by its customers through the implementation of HWMs. This should be accomplished by the fact that load growth beyond a customers HWM will face the marginal cost for resources. In setting the HWM, BPA intends for customers to be held harmless for BPA verified conservation achieved since 2002.